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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE SENATE

**SOCIAL SECURITY LEGISLATION AMENDMENT (A FAIR GO FOR AGE
PENSIONERS) BILL 2019**

EXPLANATORY MEMORANDUM

(Circulated by authority of Senator Fraser Anning)

SOCIAL SECURITY LEGISLATION AMENDMENT (A FAIR GO FOR AGE PENSIONERS) BILL 2019

CONTEXT

The Social Security Legislation Amendment (A Fair Go for Age Pensioners) Bill 2019 (the Bill) proposes to amend the *Social Security Act 1991* to remove means testing for the Age Pension.

This Bill recognises that the Age Pension is not welfare to be considered in the same category as working age income replacement pensions and benefits but is actually a de-facto national superannuation scheme which recipients have paid for themselves over their working lives in taxes.

The concept of the Age Pension as a national superannuation scheme dates from the immediate post-World War II period. In 1945, the Chifley government created a National Welfare Fund, paid for by a special tax, which was to provide working families with a pension on retirement. This fund was subsequently taken over by the Menzies government with the commitment that an Age Pension would be established to serve the same purpose, to be paid out of consolidated revenue.

The current means testing, including both assets and income tests, was introduced by the Hawke Labor government in the 1983-84 budget as a cost savings measure justified by claims that this “targeted assistance to those of greatest need.”

The practical consequence of a means test however is to discriminate unfairly against the hardworking and thrifty who have saved to help provide for their retirement and to reward the lazy and feckless who have failed to do so.

The Age Pension means test is in fact pure socialist wealth redistribution, more appropriate to Soviet Russia than a Western liberal democracy.

This Bill seeks to give effect to the original intent of Sir Robert Menzies and Ben Chifley that the Age Pension would provide a secure and dignified form of income support to all Australians in retirement and not simply a conditional trickle of welfare to be doled out to those who applied cap in hand.

On passage, this Bill will give older Australians the confidence and security of a guaranteed minimum income in old age. It will also provide an incentive for them to strive to additionally provide for their retirement and for their children’s inheritance, safe in the knowledge that their hard work and shrewd investments will not be punished by discriminatory assessments of their entitlements.

FINANCIAL IMPACT STATEMENT

Estimates of the costs of abolishing the Age Pension means tests range between \$15 and \$25 billion per year but could be partly offset by administrative savings. The absence of a means test would allow automatic fortnightly allocation of funds to Australian citizens of pension age by the Australian Taxation Office without the need for further administration.

SUMMARY

In summary, the Bill proposes to amend the *Social Security Act 1991* to abolish both income and assets tests for the Age Pension. In so doing, this Bill proposes to transform the Age Pension into the national superannuation scheme that its founders intended it to be.

NOTES ON CLAUSES

Clause 1 – Short title

1. Clause 1 would provide for the short title of the Act to be the *Social Security Amendment (A Fair Go for Age Pensioners) Act 2019*.

Clause 2 – Commencement

2. Clause 2 would provide for the commencement of each provision in the Bill, as set out in the table.

Clause 3 – Schedules

3. Schedule 1 sets out specific proposed amendments to the *Social Security Act 1991*.

4. The amendments in items 1 to 5 of Schedule 1 provide that the rate of Age Pension is to be calculated using Pension Rate Calculator B at the end of section 1065 of the *Social Security Act 1991*. Pension Rate Calculator B does not include income or assets tests and thus the effect of the amendments would be to remove means testing for the Age Pension.

ADDITIONAL MEASURES

While this Bill provides for the principal amendments required to abolish income and assets tests for the Age Pension, further consequential amendments to the *Social Security (Administration) Act 1999* and *Veterans Entitlement Act 1986* may also be required.

STATEMENT OF COMPATIBILITY WITH HUMAN RIGHTS

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Social Security Legislation Amendment (A Fair Go for Age Pensioners) Bill 2019

This Bill enhances human rights as it provides for increased dignity and financial security for older Australians.

Conclusion:

This Bill is compatible with human rights.

Senator Fraser Anning